

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Bulgaria

**Post:** Sofia

### Grain and Feed Update

**Report Categories:**

Grain and Feed

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**Report Highlights:**

Unusually rainy weather along with cooler temperatures this year made the season challenging for the farmers. It resulted in very good yields for almost all crops but in lower quality and higher cost for winter crops. Bulgaria expects an excellent corn crop although only about half was estimated to be harvested at the end of October. Planting of winter wheat, and barley is almost completed, the crops are in excellent shape, but the planted area is projected to decrease. After record high grain exports in MY2013/2014, exports in MY2014/2015 have been slow and sluggish to date due to reluctant farm sales and weaker export demand.

## General Information:

### Weather

Summer/fall weather in Bulgaria was unusual with much higher rainfall, cooler temperatures and frequent hail storms and floods in select locations in June - July. This made field works challenging for farmers. The effect on the fall crops was in a reduction of harvested area and lower quality but better average yields. Corn enjoyed favorable climate conditions and higher yields but frequent rains in the fall delayed maturation and harvest works. Overall, the weather resulted in higher cost for farmers due to more treatments against fungi diseases for the winter crops and/or drying of corn.

More than ever, the crop picture was mixed by region, with select farmers reporting historic record yields and others with total losses. This year farmers in Southern Bulgaria, who traditionally have lower yields compared to the North, enjoyed yields exceeding those in the North. The most severely affected region by rains and floods was North West.

September/October rains prevented timely fall planting of wheat and barley but promised a good start for the new crops (see graphs at the end of the report). The snow/cold spell at the end of October ceased the fall planting and caused many speculations about the size of non-planted acreage. Weather permitting, some late fall planting is likely in early November.

### Production and Supply

The mixed crop picture and the unusual weather caused a wide range of industry estimates. The table below summarizes current official, industry and FAS/Sofia estimates. At present, the MinAg has tentative data for MY2014/2015 production which is reported by the MinAg Grain and Feed Agency (GFA) through its monthly bulletins.

**Table 1. Major 2014 Grain and Feed Crop Estimates as of October 2014**

Crop Years MY 2014/15 vs. MY 2013/14	Harvested Areas (000 HA)		Production (000 MT)	
	MY2014/15 (est.)	MY2013/14 (final official)	MY2014/15 (est.)	MY2013/14 (final official)
<b>Soft Wheat</b>	1,150 (FAS) 1,117-1,309 planted (MinAg) 1,154 harvested	1,292	4,900 (FAS) 4,690-5,125 (industry est.) 4,869 (GFA)	5,415
<b>Barley</b>	209 (FAS) 210-217 planted (MinAg) 209 harvested	194	820 (FAS) 800-830 (industry est) 817 (GFA)	718

<b>Corn</b>	420 (FAS) 415-440 (industry)	422	2.950 (FAS) 2,807-3,300 (industry est) (0.855 collected before Sep 30, GFA)	2,700
<b>Oats</b>	13-19	18	31-33	35
<b>Triticale</b>	12-14	14	36-42	39
<b>Sorghum</b>	5-6	4	15-16	12
<b>Rye</b>	10-15	15	21-23	28
<b>Mixed Grains</b>	2-5	5	3-10	10
<b>Rice</b>	10	10	50	56

Note: MY2013/2014 are final official MinAg data per the Statistical Office Bulletin #269/June 2014; MY2014/2015 estimates are based on MinAg/Grain and Feed Agency (GFA) monthly reports with references to the MinAg not-final data. Planted areas under wheat and barley are official MinAg estimates - Statistical Bulletin #275/July 2014

## Wheat

### *MY2014/2015*

Wheat production declined due to multiple reasons such as lower harvested area as a result of floods in the spring (May-June), and some dryness during planting in the fall of 2013 and in early spring 2014. On the other hand, the mild winter led to almost no losses. The MinAg made a crop survey before harvest in June (source: Bulletin #275 July 2014) and estimated wheat yields at 4.99 MT/HA and production in the range of 4.9-5.6 MMT from planted area of 1.309 MHA. The survey showed that Bulgarian wheat varieties dominate and one variety (Enola) stands out with 38% share. Despite optimistic expectations, however, lower harvested area (almost 11% loss from the planted areas) resulted in decline in total supply although the yields were estimated slightly higher compared to the previous season – 4.26 MT/HA vs 4.19 MT/HA in MY2013/2014. FAS/Sofia farm sources reported select farmers harvesting record yields of up to 10 MT/HA.

Similar to other countries in the region, due to abundant rainfall, the quality of wheat deteriorated. The MinAg reported that 76% of wheat supply is of feed grade. This created a good market premium for milling quality wheat which traded at 20-70 Euro/MT higher than the feed wheat.

### *MY2015/2016*

At the end of October, wheat planting is almost completed. Field works were delayed and/or stopped by unusually early cold and rain/snow spell at the end of the month. Farmers speculated that 20% of winter crops acreage may remain non-planted and that wheat area may decline to 1.0 MHA. Currently, FAS/Sofia forecasts that wheat area may decline (8%-10%) to 1.15-1.2 MHA but further revisions are likely. The reasons are short time for planting due to rainy weather in September and in early October; challenges with the slow harvest of corn and sunflower; and the new requirement for allocation of 5% ecological zones under the new Common Agricultural Policy 2014-2020.

Most crops eligible to be grown in the ecological zones are spring crops and are planted in March/April

before the wheat harvest. The area set free from the reduced rapeseed area is likely to go mainly under expanded spring crops (corn and sunflower) due to their higher profitability, and some to go under the ecological zones. For this reason, wheat will not be as strongly affected by this new requirement as rapeseeds. Current FAS/Sofia estimates for MY2015/2016 production based on average yields are at 4.9 MMT.

A new trend for wheat production is the expected higher use of imported genetics. During a recent FAS/Sofia field trip, farmers reported serious issues with the local wheat varieties such as not performing very well in extreme weather conditions like in 2014 with its unusually high rainfall and cooler temperatures. Farmers reported that local varieties were not resistant enough to fungi diseases and mildew so, they had to do extra sprayings and at the end the quality still deteriorated. At the same time, those who have imported genetics, mainly German, Austrian and French, reported good performance with higher economic efficiency, better resistance to diseases, and better quality. Farmers reported plans to increase areas under imported genetics to 40%-50% of their fields this fall, and if the performance will be good for another year, they may increase it further. Other farmers, however, think that imported wheat varieties are good only for mild winters and rainy springs while Bulgaria often suffers from spring droughts and so, a balance between local and imported genetics should be reached. All farmers were unanimous that they will put extra efforts and inputs to grow milling quality wheat which has been consistency demonstrating price premiums over feed wheat for several years to date.

## Barley

### *MY2014/2015*

Barley production performed very well this season with slightly higher planted and harvested areas, and an increase in average yields to 4.08 MT/HA compared to 3.7 MT/HA last year. Planted areas in the fall of 2013 were higher as a result of reduction in rapeseeds. Similar to wheat, harvested area was 8% less than planted due to floods. The MinAg survey before harvest in June (source: Bulletin #275 July 2014) estimated barley yields at 4.41 MT/HA and production in the range of 790-840,000 MT from planted area of 217,000 HA.

Select farmers reported record barley yields at over 6.0 MT/HA and for the first time in many years, many stated that barley yields exceeded those of wheat. Growers intend to increase the share of imported genetics, mainly from Germany and France, which have demonstrated an excellent performance this year.

### *MY2015/2016*

FAS/Sofia forecast is for stable or very slightly reduced barley area for the same reasons as for wheat (200,000 HA). Production is forecast at 750-800,000 MT upon average yields.

## Corn

### *MY2014/2015*

Abundant rainfalls this year led to excellent if not record average yields. Harvested area is slightly below last season. The corn harvest is still ongoing due to rains in September and early October. It is estimated that about 70% of corn was harvested in North East, about 45-50% in North Central, and only about 30% in North West region. Overall, corn harvest is estimated to be about 50% completed. Farm

sources report that the moisture content of corn is around 16% compared to over 22% at the end of September. The slow harvest is also due to the need for drying and insufficient drying capacities. This increased logistical expenses, especially the transportation cost. Bulgaria usually starts harvesting corn at the end of August when the weather is hot. Drying corn is not a typical practice and this year's higher moisture content leads to shortage of capacities.

However, the slow harvest has provided some compensation to growers in reducing the strain on farmers' storage capacity and lowering the need for forced crop sales at lower prices. As a result, today the market sees a modest strengthening of the corn basis. A shortage of dried corn also contributed to improved prices.

FAS/Sofia estimates for total corn production are currently at 2.95 MMT. Leading farmers report record yields of 12-13 MT/HA. FAS/Sofia currently estimates the average yield at 7.0 MT/HA compared to 6.4 MT/HA last year. Some industry sources estimate yields above 8.0 MT/HA and total production up to 3.3 MMT. Final estimates may not be available soon since the upcoming cold spell may leave a large volume of non-harvested corn in the stalks waiting for late harvest.

#### *MY2015/2016*

Farm sources report that this year corn is the only profitable crop despite lower prices due to good yields. Corn is likely to compensate for the loss in other crops and to balance farm income. For this reason, growers currently plan to expand corn area in 2015.

### **Exports, Domestic Consumption and Stocks**

#### Wheat

##### *MY2014/2015*

The MinAg/GFA reported MY2014/15 (July 1, 2014 – September 30, 2014) exports at 1.397 MMT, of which 0.974 MMT went to the EU and 0.423 MMT went to non-EU destinations. Projections for exports are lowered compared to the previous season to 2.5-2.8 MMT due to lower supply and sluggish exports. The MinAg forecasts exports to reach 3.0 MMT.

Since July 1, 2014, domestic consumption has been at 430,000 MT including planting seeds, human consumption and feed which indicates no change in the usual consumption pattern.

##### *MY2013/2014*

Bulgaria registered record high wheat exports. According to WTA (all wheat and wheat flour converted into wheat equivalent), wheat exports reached 3.623 WCT compared to 2.761 MMT in the previous season or a growth of 31%. The main destinations were Spain (59% growth), Italy (14% decline), Romania (stable) and Greece (22% growth). About 230,000 MT were exported to South Korea for the first time over the last 3 years. Imports were small at 45,000 WCT, mainly high quality wheat and flour for the confectionary industry from Greece and Austria. MY2013/2014 ending stocks were reported by GFA at 165,000 MT.

#### Barley

#### *MY2014/2015*

The MinAg/GFA reported MY2014/15 (July 1, 2014 – September 30, 2014) exports at 349,000 MT, of which 53,000 MT went to the EU and 296,000 MT went to non-EU destinations. Industry sources forecast barley exports to reach 450,000 MT (MinAg estimate is for 430,000 MT).

Since July 1, 2014, domestic consumption has been stable at 112,000 MT including planting seeds, human consumption and feed.

#### *MY2013/2014*

According to WTA, barley exports reached 382,000 MT compared to 344,000 MT in the previous season or a growth of 10%. The main destinations were Saudi Arabia with 48% share of total exports and 5% annual growth, and Jordan with 14% share in Bulgarian exports and 133% annual increase. Imports were negligible below 2,000 MT.

#### Corn

#### *MY2014/2015*

The MinAg/GFA reported MY2014/15 (for the month of September 2014) exports at 117,000 MT, of which 110,000 MT went to the EU. Unlike in the previous years, corn harvest was delayed due to unfavorable weather, thus exports became more active in mid-late October. Domestic consumption in September was at the traditional level of 85,000 MT for food and feed. Industry sources forecast corn exports to reach 2.2 MMT.

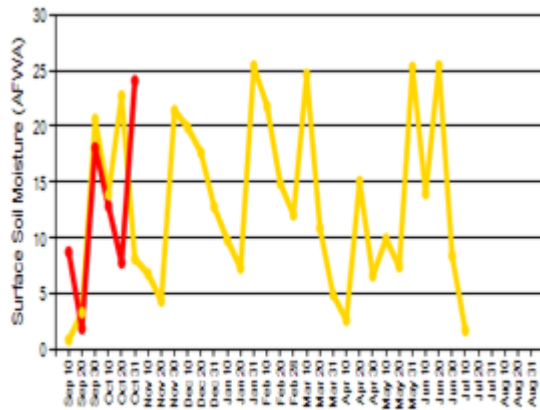
#### *MY2013/2014*

Per WTA, exports from October 1, 2013 until July 30, 2014 were at 1,410,000 MT. The main export destinations were Spain, Romania, Italy and Turkey. Imports for the same period were small at 30,000 MT, mainly from Greece and Romania.

This data differs from local authorities' data which use a marketing year from September 1. The GFA reports imports for the marketing year at 80,000 MT and exports at 1,751,000 MT (1,227,000 for the EU); and local use for food and feed at 882,000 MT. Ending stocks were reported at 356,000 MT (end-August).

**Graphs: Surface and Sub-surface moisture as of October 31 in the 3 major production regions: Northeast, Northwest and Southern Bulgaria (source: USDA/Crop Explorer)**

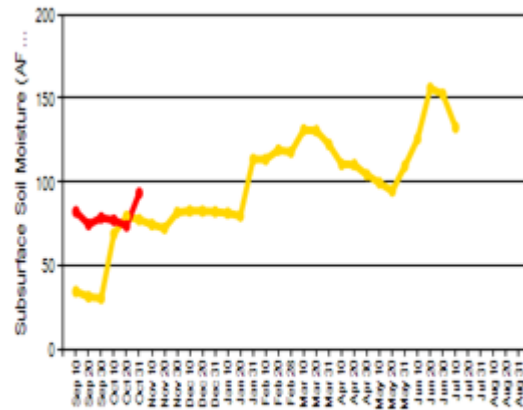
Surface Soil Moisture (AFWA) in Northeast Bulgaria



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— 2014 — 2013

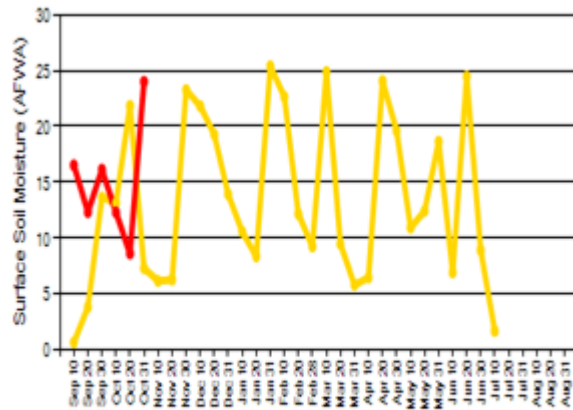
Subsurface Soil Moisture (AFWA) in Northeast Bulgaria



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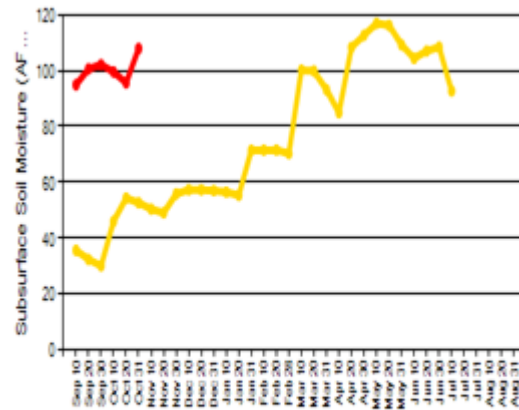
Surface Soil Moisture (AFWA) in Northwest Bulgaria



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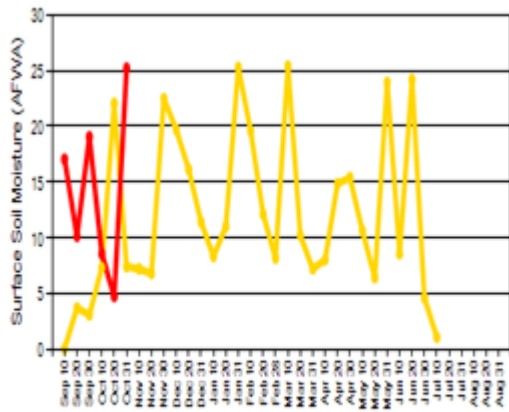
Subsurface Soil Moisture (AFWA) in Northwest Bulgaria



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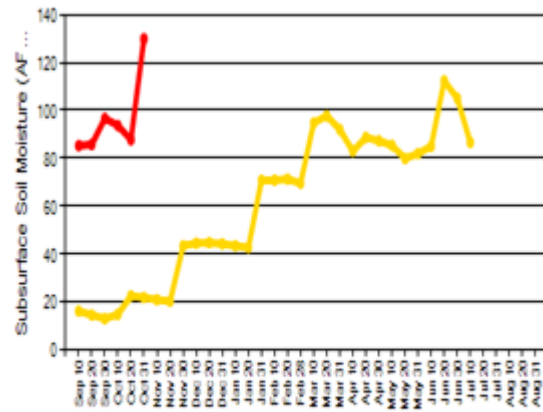
Surface Soil Moisture (AFWA) in Southern Bulgaria



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Subsurface Soil Moisture (AFWA) in Southern Bulgaria



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2014 2013